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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002881

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [CH](#) [TW](#)

SUBJECT: PRESIDENTIAL VIEWS ON CROSS-STRAIT POLICY,  
DOMESTIC POLITICS

REF: A. TAIPEI 2595

[B](#). TAIPEI 2786

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

[1](#)1. (C) Summary: Two close confidantes of President Chen Shui-bian told AIT that the President is comfortable with the current state of cross-strait relations. In separate conversations, Presidential Office Deputy Secretary General Ma Yung-cheng and National Security Council (NSC) Senior Advisor Lin Jin-chang told AIT that Taiwan will sit tight until the PRC responds to Premier Frank Hsieh's recent designation of non-governmental organizations to discuss direct transportation links and agriculture. Chen aides asserted that the President is unconcerned about PRC attempts to use the KMT as an alternate negotiating channel. "If they want progress in cross-strait interactions, Hsieh has told them how to get it," Ma stated, "if they want to play domestic political games with the KMT, it will only back fire." Ma said that President Chen is convinced that KMT Chairman Lien Chan's recent visit was a strategic error for the KMT. The KMT's 2008 candidate will either have to disavow the KMT-CCP agreement, Ma confidently asserted, or lose the election. Both Lin and Ma said that President Chen has written off People First Party (PFP) Chairman James Soong as a lost cause. End Summary.

Cross-Strait Policy: Content to Wait  
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[1](#)2. (C) Two longtime Presidential insiders, Presidential Office Deputy Secretary General Ma Yung-cheng and NSC Senior Advisor Lin Jin-chang separately told AIT that President Chen is confident that the government has regained full control over the course of cross-strait relations. According to both officials, Taipei assesses that Premier Frank Hsieh's June 13 speech (Ref A) has put the ball firmly back in Beijing's court. By designating non-governmental organizations to talk about PRC initiatives on direct flights, fruit, and tourism, both officials stated, Hsieh has offered the PRC a clear roadmap to achieving progress on cross-strait contacts.

[1](#)3. (C) Ma said that if the PRC fails to respond to Hsieh's initiative and instead tries to play domestic Taiwan politics, it will only backfire on them. "They misjudged the long-term impact of the Lien/Soong visits," Ma stated, "they raised expectations for a breakthrough, but failed to follow through effectively to maintain the momentum." Ma noted that if the PRC continues to put all of its eggs in the Lien basket, it could risk creating a backlash among the Taiwan public. The NSC's Lin said that the PRC will inevitably try to use its KMT channels first, but would sooner or later realize that its interests are better served by dealing with the organizations designated by Hsieh on June 13 (Note: Lin's NSC colleague, Chen Chung-hsin, told AIT that if the KMT-controlled Provincial Farmers Association strikes a deal to open fruit exports to the Mainland, the government will sabotage the plan by inspecting the PRC-bound fruit so slowly that it will rot before leaving the island. End Note.)

Lien Chan: The Last of the Chinese  
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[1](#)4. (C) Chen aides say they are also confident that as soon as KMT Chairman Lien Chan steps down, the KMT will start to back away from their flirtation with Beijing. "We will ask one question of the KMT candidates in the 2008 election," Ma continued, "are you going to implement the KMT-CCP five point agreement if you win office?" No KMT candidate could answer in the affirmative and win a popular election in Taiwan, Ma confidently concluded. For this reason, Ma predicted that the next KMT Chairman will move quickly to distance himself from Lien's pro-China policy line and move to repair relations with the United States, starting by taking a more positive attitude on defense procurement.

[1](#)5. (C) Ma said that he has seen reports that one of the major factors driving the PRC's rush to cut a deal with the KMT before Lien's resignation is an assessment that Lien represents the last of a generation of KMT leaders who fully identify themselves as Chinese. "Lien's frame of reference is China, he was born in Xian, went to school in China and thinks that he is Chinese," Ma (himself an ethnic Mainlander)

continued. KMT Chairman candidate Ma Ying-jeou is a Mainlander, "but he was born in Hong Kong and raised there and Taiwan -- Mainland China doesn't have that nostalgic pull for him." Ma Yung-cheng added that Legislative Yuan (LY) President Wang Jin-pyng's "lack of Chineseness goes without saying, he is Taiwanese to the bone."

16. (C) While Chen aides are confident that the next KMT Chairman election will distance himself from Lien's pro-China line, they assert that Lien and his KMT elders will not go quietly. Ma said that his office tracks how the KMT handles the disposal of its assets and, based on a recent slowdown in divestitures, assesses that Lien is preparing to retain control over the KMT's funds beyond July 16. Ma added that by keeping his hand on the purse strings, Lien may calculate that he can effectively play Wang and Ma Ying-jeou off against each other. The NSC's Lin offered a similar assessment, but said that even with control over the money, Lien will be surprised how quickly he is forgotten.

Pivotal Role No More  
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17. (C) Chen aides say that the President is finished with PFP Chairman James Soong. Ma said that Soong seriously overplayed his hand in the past six months. "He promised everyone something," Ma stated, "but in the end could not deliver anything to anyone." Ma asserted that Soong could have carved out a political niche for the PFP between the KMT and DPP by supporting cross-Straits contacts and increased defense spending at the same time. "Instead," Ma continued, "he chose to race Lien to the pro-China bottom." Ma admitted that Soong did not meet PRC Taiwan Affairs Office (TAO) Director Chen Yunlin, but said that the Presidential Office has solid information that PRC officials have pressed Soong through intermediaries over the past eight months to use the PFP's LY Caucus to block the Special Defense Procurement Budget and amendments that would substitute a referendum for the National Assembly in confirming future constitutional reforms. (Comment: the Presidential Office source is likely long-time Soong confidante Raymond Wu. Wu told AIT that he has become increasingly disturbed by Soong's willingness to betray Taiwan's interests with the PRC for personal gain. Wu was particularly upset over Soong's May visit to the Mainland. Over the past year, Wu has maintained regular contacts with NSC Secretary General Chiou I-jen. End Comment.)

18. (C) Chen advisors dismiss Soong's demand for an apology over the Chen Yunlin accusation. The NSC's Lin stated that Soong is using the demand to delay making a decision on what to do next. Soong cannot make this decision, Lin continued, until he knows who is the new KMT Chairman. Lin stated that the Chen administration will ignore Soong and focus its future efforts on working with the new, and presumably more reasonable, KMT Chairman to move forward on the government's legislative agenda. Lin acknowledged, however, that an isolated and desperate PFP could continue to play a spoiler role in Taiwan politics, but said that there was little anyone could do but wait for the party to dissolve. Ma said that the President is willing to let the Premier offer incentives to individual KMT and PFP legislators to cross the aisle (Ref B), but asserted that Chen himself will not involve himself in the effort.

Comment: Chen Back in the Saddle  
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19. (C) It appears that the Chen administration's fear that the Lien/Soong Mainland visits would deprive the President of control over the pace of cross-Straits policy has not materialized. Chen aides seem genuinely convinced that Beijing's divide-and-conquer strategy towards Taiwan will backfire on China and Taiwan's opposition. This confidence contrasts with the views of many foreign policy officials in the EY and ruling party, who continue to fret over the threats posed by PRC "united front" tactics to erode Taiwan's interests. Both these postures are unlikely to stand the test of time as pressures build in agriculture, airlines, and tourism circles to realize pragmatic gains in cross-Straits traffic.

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